

Media Information  
17 May 2018

- Check against delivery -

**Statement**  
**Harald Krüger**  
**Chairman of the Board of Management of BMW AG**  
**98<sup>th</sup> Annual General Meeting of BMW AG**  
**Munich, Olympiahalle, 17 May 2018, 10.00 a.m.**

**BMW Group.**  
**Today's decisions shape mobility**  
**for our customers tomorrow**

Welcome, Ladies and Gentlemen!

There are many different aspects to mobility. It serves us in our daily lives, but can also be a tremendous source of pleasure. At the BMW Group, we have 130,000 men and women full of energy and passion working daily in developing mobility.

Many of them are watching today. I would like to start by addressing you, our employees. You are what make the BMW Group so strong and unique. I would like to take this opportunity to say thank you to all of you: Together, we ensure this company's continued success. That is our obligation towards our shareholders.

Allow me to welcome you all – everyone here in the Olympiahalle and those joining us via internet – to the 98th Annual General Meeting of BMW AG!

Some of you, Ladies and Gentlemen, have been with us for many years.

You know that the BMW Group is built on a solid foundation.



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It is more than 100 years of experience that has enabled us to master major changes in the past and to take on those to come. We have the strength and confidence to see us through the current transformation. Our premium aspiration is to be at the forefront. With the biggest model offensive in our history, we are issuing a challenge to our competitors. We are the number one in electrified vehicles in Europe and Germany. All our brands and model series are going electric. That shows our consistency. That's the future.

2017 was our eighth consecutive record year:

- We sold more than 2.4 million cars and
- 164,000 BMW motorcycles and scooters.
- Group earnings before tax exceeded ten billion euros.

And, most importantly for you: We are the most profitable car company in the world.

That, Ladies and Gentlemen, distinguishes Your Company – and you, our shareholders, should share in this success.

For 2017, we are proposing our highest dividend ever: 4.00 euros per share of common stock and 4.02 euros per share of preferred stock. Our employees in Germany will also benefit through our profit-sharing programme.

Fairness promotes unity – which is what our society needs. At BMW, we face the challenges ahead together. That is our culture.

In a complex, fast-paced world, there are no easy answers; commercial success cannot be taken for granted – especially over the long term.



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The car industry is currently facing some criticism as well as strong regulation, although individual mobility will remain a very popular mode of transportation.

The truth of the matter is that the behaviour of certain manufacturers has damaged our industry as a whole.

Ladies and Gentlemen,

There is one thing I would like to clarify at this point:

A mistake was made a few years ago, involving previous model versions of the BMW 5 Series and 7 Series, which were fitted with an engine control software we believe had been correctly developed. These models were later fitted with a software module not designed for them.

To be clear: This has nothing to do with deliberate manipulation, either of engine control or exhaust gas treatment.

We are now awaiting approval from the authorities, so that we can provide a corrected software. A maximum of 11,700 vehicles are affected. To put that into perspective: In the last five years alone, the BMW Group delivered more than 11 million cars to customers.

We were the first manufacturer to use a multi-phase exhaust gas treatment concept – which proved very successful: Our Euro 5 and Euro 6 diesels in Germany are around 40 percent below the average NOx figures published by the German Environment Agency.



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In further tests conducted by the German automobile club, ADAC, investigating the NOx emissions of Euro 6 diesel models, BMW and MINI models performed very well. The BMW 520d and 530d were much lower than the future limits for road driving tests.

We keep our word. In Germany, we are implementing the decisions adopted at the National Diesel Summit. This means that our Euro 5 diesel models from 2011 or later will get a software update. But, we will also speak out if something is not technically viable: upgrading hardware.

Responsibility is part of our core values. That is also how we are handling allegations of unlawful cartel arrangements. The European Commission has not yet completed its evaluation in this matter.

Dear Shareholders and Shareholder Representatives,

I ask that you continue to place your trust in the BMW Group!

BMW charts its own clear path, as set out in our Strategy NUMBER ONE > NEXT, which provides us with a strategic roadmap up to 2025, with three main priority areas: **Electrification, Being Global, and Products and services.**

Ladies and Gentlemen,

As I have often emphasized, the e-mobility growth curve is constantly rising.

Our first-quarter sales confirm this: We sold over a third more electrified vehicles worldwide, and almost 80 percent more in the US. That's all I want to say about our figures.



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I also want to tell you about an experience that touched me on a personal level: In December 2017, I handed over our 100,000th electrified vehicle at BMW Welt: a BMW i3. I admit, I expected the customer to be a young person who was already familiar with electric driving. But, it was actually an 80-year-old gentleman, standing in front of me with a big smile on his face. He had spent his whole life driving rival models with a combustion engine. I think this demonstrates: It is never too late to switch to BMW and our electric models.

That same evening, we lit up our Group headquarters, the BMW Four-Cylinder, as a battery. I watched from the Olympic Park, with a group of employees, and it really was an emotional moment.

100,000 electrified vehicles in 2017. Promised and delivered. That is BMW.

Our course is clearly mapped out:

- At least 140,000 electrified vehicles in 2018.
- 25 electrified models by 2025 – 12 of them pure electric.
- By the end of 2019, we will have a total of half a million electric models and plug-in hybrids on the roads. We have already a quarter of a million today.

Two models illustrate our progression to a new dimension: the BMW i4 and the BMW iNEXT.

The BMW i4 Concept was the star of last year's Frankfurt Motor Show. A few years ago, "project i" started out as an independent project. Now, the letter "i" is coming to our core BMW brand. Going forward, all pure electric BMW models will sport the "i" badge and come equipped with fifth-generation battery technology. With an increased range of about 700 kilometres, electric models will become entirely practical for everyday use.



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Parallel to the i4, we are also developing the BMW iNEXT.

Today, we wanted to give our shareholders an exclusive first glimpse. And I can reveal that we will be presenting the iNEXT as a vision vehicle later this year.

It is our modular system for the future.

If that sounds a bit like Lego, that's roughly the idea. The iNEXT will benefit the entire company and all its brands. For the first time, we are combining all key technologies for future mobility. The iNEXT is fully electric, fully connected, and enables safe, partially autonomous driving. Further models will follow.

We are working on autonomous driving at our campus outside of Munich, which we announced in 2017 and opened in April of this year. Once again – promised and delivered. That is BMW.

The campus idea is all about short distances, fast decisions and agile working. 1,800 experts from different countries work together there.

We are developing the cars of the future right here in Germany. And we will build them here as well: the i4 in Munich, and the iNEXT in Dingolfing.

Bavaria will always be our home. From here, we drive technological innovations and Industry 4.0. We produce more than half our vehicles abroad. But nearly 70 percent of our employees are still based in Germany. For me, that shows our strong commitment to our roots. These roots give us stability in a global world.

And that brings me to my second point: **Being Global.**

Our production network comprises 30 locations in 14 countries. We are enabling our plants for a wide range of drive trains, using flexible architectures. From 2020, we will be able to fit all model series with any type of drive train.



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Today, we are already producing electrified models at ten locations worldwide. Not many manufacturers can say the same.

Three major markets are crucial for us: Europe, China and the US.

They each differ in terms of political demands, customer desires and culture.

In Europe, for example, we are facing strict regulations on emissions, which we will continue to comply with. The BMW Group benefits from the European single market and remains committed to Europe. The EU has to be competitive to play an appropriate role in the world.

But internally, Europe also needs to be fit for the future. Particularly in the areas of connectivity and autonomous driving, we need consistent legal rules and a 5G standard throughout the European Union. On the topic of e-mobility: Europe needs to take on a leading role. We need to create an internal European market in digital infrastructure and e-mobility.

The close ties between Germany and France are fundamentally important to Europe. However, the UK must also remain close to the EU. We will start building the first fully electric MINI in Oxford in 2019. It is therefore important that access to the EU internal market remains uncomplicated and customs free. We are once again targeting a slight increase in European sales this year.

Let's take a look at China.

China is beginning to set the pace for the whole world in e-mobility and digitalisation. We are targeting solid growth in our largest single market in 2018. After all, BMW is the most attractive, most innovative premium brand in China.

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The Chinese government is accelerating e-mobility. We are likely to see a million new electrified vehicles registered in China this year alone. Our customers in China already have six electrified models to choose from. With ChargeNow they also have access to the world's largest network of public charging points.

Further strategic steps include:

- Deepening our partnership with Brilliance: From mid-2018, the new BMW X3 will be built in Shenyang, in addition to the US and South Africa. From 2020, we will also be producing the iX3 there, the first all-electric model from our core BMW brand.
- We are planning another joint venture with Great Wall Motor, aimed at producing fully electric MINI vehicles in China.

The Chinese government announced its intention to reduce tariffs and to further open up its car market, showing good sense and vision in the midst of the current trade dispute.

In the United States, important political decisions still have to be made, both in trade policy and domestically. With regard to the upcoming review of fuel consumption regulations at federal level, we are strongly in favour of a consistent national standard.

The United States has been the BMW Group's "second home" for many years. We contribute greatly to the U.S. economy. In terms of value, BMW is the largest vehicle exporter in the US, responsible for around 70,000 direct and indirect jobs across the country. We are targeting slight growth in the US market in 2018. Spartanburg, home to our biggest plant, will benefit from a further 600 million euros in investment up to 2021.



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We are also investing in Mexico, where we will open our new plant next year. Mexico has relied heavily on free trade in the past – and benefited as a result. Our plant in San Luis Potosí will produce for the global market.

Global thinking and global action have made the BMW Group successful. Free trade leads to growth and prosperity for everyone. That's a fact.

We operate globally – but we also take responsibility at the local level: for jobs, value creation and the broader community.

Now, let's move on to my third point: **Products and services.**

We are currently in phase II of our model offensive, with another 20 new and revised models for release this year. Two highly emotional vehicles are here next to the stage: The BMW i8 Roadster and the BMW Z4 concept car.

We will be focusing on two aspects: Luxury and X. Examples from the highly profitable luxury segment include the new Phantom and the Cullinan at Rolls-Royce.

And, at BMW, the new 8 Series Coupé, which will be launched still this year. The new 8 Series range will feature at least six models, including the BMW M8 Gran Coupé, which showcases the new BMW design language. The new BMW X7, which will go into production towards the end of the year, is also resonating with its strong presence.

2018 will be our X year, with:

- the new X3,
- the cool X2,
- the athletic X4, from the summer on,



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- and, as I can reveal exclusively today: later this year, a successor to the X5.

Our model offensive goes hand in hand with expansion in our services.

More than 23 million customers used our mobility services last year. By 2025, we will expand this base to 100 million active users, offering customers an all-round, all-inclusive package.

We made three important strategic decisions this year:

- The full acquisition of DriveNow.
- The acquisition of Parkmobile LLC – which makes us the leading international provider of digital parking solutions.
- The planned joint venture with Daimler Group, which will combine our expertise in mobility services on an equal footing. This is subject to approval by antitrust authorities.

Dear Shareholders and Shareholder Representatives,

Mobility is a part of our daily lives.

The European Commission has calculated that private households in the EU invest more than a billion euros in mobility every year.

In Germany alone, mobility needs will increase significantly by 2040, most of that still relying on cars.

The car remains the number one mode of transport. That makes sense, when you consider that the world's biggest car manufacturers reported their highest-ever revenues in 2017.



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Our industry has always accomplished great things and continues to play an important role in the economy and society at large: as an employer, as a taxpayer and as a driver of innovation.

So, let us focus our full attention on the shift towards sustainable, digitalised mobility. Mastering that challenge is the central task facing the German automotive industry – and nothing else.

In times of change, sometimes the big guys win, sometimes the little guys. But, with absolute certainty, those who prevail are always flexible.

I have been with this company for 26 years. During that time, there have been many challenges – but the BMW Group has always followed its own clear path, with innovation, determination and consistency.

That, Ladies and Gentlemen, is why Your Company has been around for more than 100 years.

The performance of the BMW share price reflects our long-term approach: Between May 2008 and May 2018, its value increased by over 140 percent. Even during the current transformation, Your Company remains profitable. We have maintained an EBIT margin of between eight to ten percent in the Automotive Segment for the past eight years. This allows us to invest in our future.

We intend to make 2018 our ninth consecutive record year.

Your commitment towards the BMW Group gives us the strength and support we need. We can count on you – and you can rely on the BMW Group, your company. Thank you for your attention!



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## **CONSUMPTION AND EMISSION DATA.**

BMW 520d Sedan:

Fuel consumption in l/100 km (combined): 4.8-4.5

CO<sub>2</sub> emissions in g/km (combined): 127-119

BMW 530d Sedan:

Fuel consumption in l/100 km (combined): 5.2-5.0

CO<sub>2</sub> emissions in g/km (combined): 138-131

BMW i3:

Electric power consumption in kWh/100 km (combined): 13.6-13.1

CO<sub>2</sub> emissions in g/km (combined): 0

BMW X2:

Fuel consumption in l/100 km (combined): 6.2-4.5

CO<sub>2</sub> emissions in g/km (combined): 142-119

BMW X3:

Fuel consumption in l/100 km (combined): 8.4-5.3

CO<sub>2</sub> emissions in g/km (combined): 193-140

BMW X4:

Fuel consumption in l/100 km (combined): 7.3-5.4

CO<sub>2</sub> emissions in g/km (combined): 173-142

Rolls-Royce Phantom:

Fuel consumption in l/100 km (combined): 13.9

CO<sub>2</sub> emissions in g/km (combined): 318-319



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Rolls-Royce Cullinan:

Fuel consumption in l/100 km (combined): 15\*

CO<sub>2</sub> emissions in g/km (combined): 341\*

\* Preliminary data not yet confirmed, subject to change..

The fuel consumption, CO<sub>2</sub> emissions, power consumption and operating range figures were determined according to the European Regulation (EC) 715/2007 in the version applicable. The figures refer to a vehicle with basic configuration in Germany and the range shown considers the different sizes of the selected wheels/tyres and the selected items of optional equipment.

Further information on official fuel consumption figures and specific CO<sub>2</sub> emission values of new passenger cars is included in the following guideline: 'Leitfaden über den Kraftstoffverbrauch, die CO<sub>2</sub>-Emissionen und den Stromverbrauch neuer Personenkraftwagen' (Guideline for fuel consumption, CO<sub>2</sub> emissions and electric power consumption of new passenger cars), which can be obtained free of charge from all dealerships and at <https://www.dat.de/en/offers/publications/guideline-for-fuel-consumption.html>.